APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE
SECOND CIRCUIT

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse in the City of New York, on the sixteenth day of September one thousand nine hundred and seventy-one.

Present:

Hon. Leonard P. Moore,
Hon. J. Joseph Smith,
Hon. Paul R. Hays,
Circuit Judges.

Broadview Chemical Corporation,
Plaintiff-Appellee,

v.

Loctite Corporation, *Defendant-Appellant.*

Appeal from the United States District Court for the District of Connecticut.

This cause came on to be heard on the transcript of record from the United States District Court for the District of Connecticut, and was argued by counsel.

On Consideration Whereof, it is now hereby ordered, adjudged, and decreed that the order of said District Court be and it hereby is affirmed with costs to be taxed against the appellant.

A. Daniel Fusaro,
Clerk

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

Civil Action No. 13104

BROADVIEW CHEMICAL CORPORATION, *Plaintiff*,

v.

LOCTITE CORPORATION, *Defendant*

Order

This declaratory judgment action is now almost two years old. Its history is one of almost continuous application by counsel to this court for resolution of the innumerable disputes which have arisen in the course of preparation of the case for trial. The present difficulty before the court is Broadview's dissatisfaction with the pace at which Loctite is evaluating Broadview's anaerobic sealant compositions, which are the subject matter of the suit, to determine whether or not they infringe Loctite's patents. Loctite has had samples of Broadview's compositions for several months, during which time it has presented the court with a variety of reasons for its failure to date to complete the tests necessary for infringement evaluation.

On March 2, 1971, the court ordered Loctite to begin submitting weekly reports on the progress of its evaluation. Since then, Loctite has submitted one report covering the months of January and February 1971 and another for the first two weeks in March. In the first report, Loctite estimates that its tests on the first series of Broadview formulae (the KBK series) will not be completed before June 4, 1971.

Loctite enjoys a dominant position in the anaerobic sealant market. Obviously, each day's delay in evaluating Broadview's compositions inures to the benefit of Loctite and the detriment of Broadview. Loctite's responses to

inquiries into the reasons for the delay appear to the court to be in large part dilatorily motivated. Accordingly, the court considers it now appropriate to fashion relief in favor of Broadview to protect it against the consequences of Loctite's further delay.

Broadview has suggested a number of avenues of relief. Its latest suggestion is that the injunction entered against it on May 10, 1969, by this court be suspended until the court decides the infringement issues presented by this case. The injunction restrained Broadview and those in active concert with it from infringing three of Loctite's patents and from selling or using specific compositions whose sale and use had already been found to have violated the terms of a prior consent decree between the parties. *See Broadview Chem. Corp.* v. *Loctite Corp.*, 406 F.2d 538 (2d Cir.), *cert. denied*, 394 U.S. 967 (1969).

The court does not view wholesale suspension of the injunction as a suitable remedy. Loctite's dilatoriness at this stage of the proceedings does not mitigate Broadview's earlier conduct which resulted in a finding of civil contempt and an extensive award of damages in addition to the injunction sought to be suspended. Nevertheless, some of the sting can be taken out of the injunction order without destroying its efficacity. The order now provides for a penalty of $2,000.00 for each violation of the injunction or consent decree. Eliminating the "*in terrorem* effect," *Broadview Chem. Corp.* v. *Loctite Corp.*, 417 F.2d 998, 1001 (2d Cir. 1969), *cert. denied*, 397 U.S. 1064 (1970), of the penalty provision may make it less risky for Broadview to begin the manufacture and sale of compositions which in its judgment do not infringe and may give Loctite additional incentive to quickly complete its infringement evaluation. Of course, if Broadview is wrong about the noninfringement of its compositions, it might still be subject, in the appropriate case, to sanctions for violation of the injunction.

Accordingly, it is the order of the court that the penalty provision of the injunction entered in this case on May 10, 1969, be, and it hereby is, suspended until resolution by this court of the infringement issues raised by this declaratory judgment action. The court will continue to be concerned with Loctite's progress toward infringement evaluation and will entertain further applications for relief if that progress should be unsatisfactory.

So Ordered.

Dated at Hartford, Connecticut, this 24th day of March, 1971.

.....

M. Joseph Blumenfeld
United States
District Judge

[Caption omitted]

Amended Complaint

Plaintiff, Broadview Chemical Corporation, hereby complains of the defendant, Loctite Corporation, and alleges as follows:

1. The plaintiff, Broadview Chemical Corporation, is an Illinois Corporation having its principal office and place of business at 2910 South 18th Avenue, Broadview, Illinois.

2. The defendant, Loctite Corporation, is a Connecticut Corporation having an office and place of business at 705 North Mountain Road, Newington, Connecticut.

3. This action is instituted under 28 U.S.C. § 2201 for a declaratory judgment of noninfringement of United States Letters Patents Nos. 2,895,950, 3,043,820, and 3,046,262, which patents are owned by the defendant, and have pre-

viously been before this Court in Civil Action No. 10713, terminated by a Consent Decree. Federal jurisdiction is invoked under 28 U.S.C. § 1338(a), and venue lies in this district under 28 U.S.C. § 1391(c).

4. An actual controversy exists between the parties in that the defendant, LOCTITE CORPORATION, has asserted that compositions covered by their patents include elements that are essential to the workability of an anaerobic sealant composition, and that any workable product must therefore be dominated by these patents. This allegation was made in a letter dated February 17, 1967, and addressed to Loctite Distributors (a copy of this letter is attached to the original Complaint in this action as Annex A).

5. The plaintiff, BROADVIEW CHEMICAL CORPORATION, has developed two new series of anaerobic sealant compositions, prepared in accordance with Broadview's KBK and Manaka formulations. Broadview has made and sold compositions prepared in accordance with the KBK formulations, and has the immediate intention and ability to make and sell compositions prepared in accordance with the KBK and Manaka formulations. A copy of the KBK formulations, together with sample compositions prepared in accordance with the KBK formulations, has previously been deposited with this Court. A copy of the Manaka formulations will be submitted to defendant and to this Court as soon as a suitable protective order is obtained from this Court.

6. Plaintiff's manufacture and sale of compositions made in accordance with the KBK and Manaka formulations does not and will not constitute an infringement of United States Letter Patent No. 2,895,950 for the following reasons:

(a) Compositions made in accordance with the KBK formulations do not contain a hydroperoxide within the scope of U.S. Patent No. 2,895,950.

(b) Compositions made in accordance with the Manaka formulations do not contain a hydroperoxide.

(c) The monomer employed in the preparation of compositions in accordance with the Manaka formulations is not covered by U.S. Patent No. 2,895,950.

7. Plaintiff's manufacture and sale of compositions made in acordance with the KBK and Manaka formulations does not and will not constitute an infringement of United States Patent No. 3,043,820 for the following reasons:

(a) No quinones are listed as an element of either the KBK or the Manaka formulations.

(b) No quinones are used in the manufacture of compositions made in accordance with either the KBK or the Manaka formulations.

(c) None of the components of compositions made in accordance with either the KBK or the Manaka formulations undergoes a chemical conversion to form a quinone.

(d) The compositions made in accordance with both the KBK and the Manaka formulations are free from quinones.

(e) The monomer employed in the Manaka formulations is not covered by U.S. Patent No. 3,043,820.

(f) Neither hydrogen peroxide nor an organic hydroperoxide is present in the Manaka formulations.

8. Plaintiff's manufacture and sale of compositions in accordance with the KBK and Manaka formulations does not and will not constitute an infringement of United States Patent No. 3,046,262 for the following reasons:

(a) No sulfimides are listed as an element of either the KBK or the Manaka formulations.

(b) No sulfimides are used in the manufacture of compositions in accordance with either the KBK or the Manaka formulations.

(c) The compositions made in accordance with both the KBK and the Manaka formulations are free from sulfimides.

(d) The monomer employed in the Manaka formulations is not covered by U.S. Patent No. 3,046,262.

(e) Neither hydrogen peroxide nor an organic hydroperoxide is present in the Manaka formulations.

9. Plaintiff does not now make, use, or sell any compositions made in accordance with formulations CP-1 through CP-7 or any other compositions (a) that infringe any of United States Patents Nos. 2,895,950, 3,043,820, or 3,046,262 and/or (b) that are in violation of the Consent Decree entered by this Court on or about February 14, 1967. Furthermore, at the time the original Complaint was filed, Broadview had destroyed all of the CP formulations in its possession.

WHEREFORE, PLAINTIFF PRAYS:

A. That this Court enter a judgment that U.S. Patents Nos. 2,895,950, 3,043,820 and 3,046,262 are not infringed by plaintiff's manufacture or sale or causing to be manufactured or sold anaerobic sealants made in accordance with either Broadview's KBK or Manaka formulations.

B. That this Court enjoin the defendant from asserting or alleging that United States Patents Nos. 2,895,950, 3,043,820, and 3,046,262 have been or are infringed by plaintiff or its customers, representatives and/or distributors, by reason of the manufacture, use, or sale of compositions in accordance with Broadview's KBK or Manaka formulations.

C. That this Court find and declare that plaintiff and its customers, representatives and distributors are not liable for damages to defendant because of plaintiff's manufacture and/or sale to such customers, representatives or distributors of Broadview's KBK or Manaka formulations.

D. That this Court find that the plaintiff and its customers, representatives, and distributors are not in violation of the Consent Decree entered by this Court on or about February 14, 1967, by reason of the manufacture, use, or sale of Broadview's KBK or Manaka formulations.

E. That the plaintiff receive such other and further relief as may be just and proper, including costs and reasonable attorneys' fees.

BROADVIEW CHEMICAL CORPORATION

By WILLIAM J. DOYLE (ROS)
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(Attached to Original Complaint and Incorporated by Reference in Amended Complaint)

LOCTITE CORPORATION
formerly American Sealants Company

IDP #87
February 17, 1967

To: Loctite Distributors
FROM: Robert H. Krieble
SUBJECT: Settlement of Patent Litigation

The successful defense of the Loctite patents has at last been achieved through the issuance of a court decree, a copy of which is attached.

The decree makes four major points:

1. That Loctite's patents are good and valid at law.
2. That Broadview Chemical Co. (Sta-Lok) did infringe those patents.
3. That Broadview and its agents are forbidden from further infringement.
4. That Broadview has made a monetary payment to Loctite.

Three years ago when Broadview approached some of you to take on the Sta-Lok line, they made statements regarding their lack of infringement and questioned the validity of Loctite patents. The decree provides an effective rebuttal to those statements. Unfortunately some reputable distributors were misled and now may find themselves with stocks of merchandise on their shelves which they may not legally sell. It is hard to see how they can avoid damage to either their pocketbooks or their reputations.

While Broadview can no longer contest the validity of our patents, this is not necessarily the end of the matter. They may add ingredients to their formula, claim it to be a

"new improved" product, say once again it does not infringe and force us again into recourse to the courts. Eventually, we trust, due process of law will catch up with those who manufacture, sell or use infringing products.

Aside from the legal aspects of this situation, there is the matter of product performance. During pre-trial testimony we obtained detailed formulae upon which a patent was granted a year ago to two chemists who, working part-time after the hours of their full-time jobs with other companies, make up the chemical staff of Broadview. To our knowledge, Broadview has never marketed a product relying on the claimed invention of that patent and we think we know why. Our tests have shown those formulae do not harden in the joint . . . unless there are present certain fundamental ingredients which are covered by Loctite patents. We continue to monitor their production and have yet to find a sample without infringing ingredients. We believe our composition patents include the elements which are essential to the anaerobic (self-hardening in the absence of air) cure and that any workable product must therefore be dominated by these patents. In accepting substitutes, the user runs the risk of buying a product which will be unstable, uncurable or illegal.

In order to maintain the value of your Loctite franchise we have willingly spent a lot of money . . . more in fact than we received from Broadview in a settlement based on a percentage of their stated sales volume. We thank you for your loyalty and support during these many months. The combination of sound patent structure plus aggressive marketing by staunch distributors is a good base upon which to grow a still better future.

/s/ R. H. KRIEBLE
Robert H. Krieble
President

dh
Enc: consent decree

[Caption omitted]

Ruling on Defendant's Motion To Dismiss Amended Complaint

In this episode of the continuing saga of litigation between these parties, see *e.g. Broadview Chem. Corp.* v. *Loctite Corp.*, 406 F.2d 538 (2d Cir.), *cert. denied*, 394 U.S. 976 (1969), defendant Loctite seeks dismissal of Broadview's amended complaint asking declaratory and injunctive relief. The original complaint, having already survived the full gamut of federal judicial scrutiny, *Broadview Chem. Corp.* v. *Loctite Corp.*, 417 F.2d 998 (1969), *cert. denied*, 397 U.S. 1064 (1970), sought a declaration that certain of Broadview's formulae for anaerobic sealants, designated the KBK series, did not infringe two of Loctite's patents. The amended complaint seeks a declaration that the formulae in the KBK series do not infringe a third Loctite patent, not included in the original complaint, and also that an entirely new series of formulae, designated the Manaka series, does not infringe any of the three patents.

The grounds asserted for the motion to dismiss are (1) that the amended complaint is procedurally inadmissible, and (2) that there is no actual controversy between the parties to satisfy the requirements of the Declaratory Judgment Act, 28 U.S.C. § 2201. For the reasons hereinafter expressed, the motion to dismiss the amended complaint is denied.

Broadview contends that its amendment may be filed as a matter of right under Fed.R.Civ.P. 15(a), because no responsive pleading has yet been made to the original complaint. While conceding, as it must, that the prior motion to dismiss the original complaint is not a responsive pleading, *Christophides* v. *Poreo*, 289 F.Supp. 403, 408 (S.D.N.Y. 1968), Loctite contends that the proffered amendment is in reality a supplemental complaint under Fed.R.Civ.P. 15(d), allowable only upon leave of court. Broadview does not claim that its Manaka formulations were completed prior to the original complaint. Technically, therefore, the new

complaint must be considered supplemental rather than amendatory. The distinction in this context, however, is immaterial. *See United States ex rel. Atkins v. Reiten*, 313 F.2d 673, 674 (9th Cir. 1963); *United States v. Russell*, 241 F.2d 879, 882 (1st Cir. 1957). *See generally* 1A Barron & Holtzoff, Federal Practice and Procedure § 455.

Broadview's new complaint seeks the same kind of relief sought by the original. No prejudice results to the defendant from having the infringement vel non of these extra formulae litigated in the same action. Surely Broadview could institute a new declaratory action to test these formulations by simply paying the additional filing fee for a new action. However, since the original action has barely begun, defendant not even as yet having filed an answer, no reason appears why all the formulations should not be considered at once. No prejudice having been shown, in the interest of expediency to the parties and judicial economy, leave is hereby granted Broadview to file its supplemental complaint.

Loctite next contends that no actual controversy exists between the parties. That same claim was made with respect to the KBK formulations in the original complaint. This court then found sufficient controversy for a declaratory judgment action but declined to exercise its discretion to entertain the action. The Court of Appeals agreed that sufficient controversy existed and, exercising its discretion de novo, ordered this court to entertain the action. 417 F. 2d 998 (1969). The considerations relied upon by the Court of Appeals in the case of the KBK formulations apply equally to the Manaka formulae. The only difference is the passage of approximately one year's time between that ruling and this motion. Loctite offered no evidence that the passage of time had any effect on either the existence of a controversy or the propriety of exercising discretion to entertain the case. In the absence of any such evidence, this court is bound by the Court of Appeals' earlier ruling.

Accordingly, the motion to dismiss the supplemental complaint, erroneously labled "amended complaint" is denied.

So Ordered.

Dated at Hartford, Connecticut, this 23rd day of September, 1970.

/s/ M. Joseph Blumenfeld
M. Joseph Blumenfeld
United States District Judge

[Caption omitted]

Notice of Taking Depositions

To plaintiff above-named and its counsel:

Please Take Notice that on the 12th day of January, 1971, beginning at 11:00 o'clock in the morning of that day and continuing thereafter from day to day until said deposition has been completed or adjourned, defendant, Loctite Corporation, will take the testimony on oral examination of:

Fred Jenkins

The examination will be taken at offices of Wilcox-Sliders, Inc., 344 Mulberry Street, Newark, New Jersey 07102, before a Notary Public or some other duly authorized officer. Your legal representatives are invited to attend and take such part in the proceedings as may be proper.

Robert J. Lasker
Robert J. Lasker

Watson, Cole, Grindle & Watson
815 Fifteenth Street, N. W.
Washington, D. C. 20005
Of Counsel for Defendant

Attorney of Record:

J. Rodney Reck
705 North Mountain Road
Newington, Connecticut 06111

[Caption omitted]

Oral Decision Excerpted From Transcript of Proceedings—1/25/71

The Court: . . .

[11] So on that basis I will grant the plaintiff's motion for a protective order, considering that the purpose of the depositions is to show that there is no basis for jurisdiction because the threat in those letters has evaporated.

6/1/71 71-1441

UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Court House, in the City of New York, on the first day of June, one thousand nine hundred and seventy-one.

No. 71-1441

BROADVIEW CHEMICAL CORPORATION, *Plaintiff-Appellee,*

v.

LOCTITE CORPORATION, *Defendant-Appellant.*

It is hereby ordered that the motion made herein by counsel for the appellee, Broadview Chemical Corporation, to dismiss the appeal of the Loctite Corporation from the United States District Court for the District of Connecticut for lack of jurisdiction be and it hereby is denied.

It is further ordered that appellant shall file its brief and joint appendix on or before July 1, 1971 and that the appellee shall file its brief on or before August 2, 1971.

It is further ordered that argument of the appeal shall be heard during the week of September 13, 1971.

A. DANIEL FUSARO
Clerk

BEFORE:

HON. TOM C. CLARK
Associate Justice

HON. J. JOSEPH SMITH
Circuit Judge

HON. JOSEPH C. ZAVATT
District Judge

71-1441

UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

BROADVIEW CHEMICAL CORPORATION, *Plaintiff-Appellee,*

v.

LOCTITE CORPORATION, *Defendant-Appellant.*

A petition for a rehearing having been filed herein by counsel for the appellant,

Upon consideration thereof, it is

Ordered that said petition be and it hereby is Denied.

J. JOSEPH SMITH
J. Joseph Smith
LEONARD P. MOORE
Leonard P. Moore
PAUL R. HAYS
Paul R. Hays
Circuit Judges

October 13, 1971.

71-1441

UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

BROADVIEW CHEMICAL CORPORATION, *Plaintiff-Appellee,*

v.

LOCTITE CORPORATION, *Defendant-Appellant.*

A petition for a rehearing containing a suggestion that the action be reheard in banc having been filed herein by counsel for the appellant and no active circuit judge having requested that a vote be taken on said suggestion,

Upon consideration thereof, it is

Ordered that said petition be and it hereby is denied.

HENRY J. FRIENDLY,
Chief Judge

October 13, 1971.

71-1441

UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Court House, in the City of New York, on the ..... day of October, one thousand nine hundred and seventy-one.

BROADVIEW CHEMICAL CORPORATION, *Plaintiff-Appellee,*

v.

LOCTITE CORPORATION, *Defendant-Appellant.*

It is hereby ordered that the motion made herein by counsel for the appellant to recall the mandate and stay its reissuance pending application to the Supreme Court of the

United States for a writ of certiorari be and it hereby is denied.

LEONARD P. MOORE
J. JOSEPH SMITH
PAUL R. HAYS
Circuit Judges.

UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Court House, in the City of New York, on the 5th day of November, one thousand nine hundred and seventy-one.

BROADVIEW CHEMICAL CORPORATION, *Plaintiff-Appellee*,

v.

LOCTITE CORPORATION, *Defendant-Appellant*.

It is hereby ordered that the motion made herein by counsel for the appellant to stay the execution of the mandate for a period of thirty days pending application to the Supreme Court of the United States for a writ of certiorari pursuant to Rule 41(b), Federal Rules of Appellate Procedure, be and it hereby is denied.

LEONARD P. MOORE
Leonard P. Moore
J. JOSEPH SMITH
J. Joseph Smith
PAUL R. HAYS
Paul R. Hays
Circuit Judges

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

Civil No. 10,713

BROADVIEW CHEMICAL CORPORATION

v.

LOCTITE CORPORATION

Decision on Form of Injunction

After a hearing on a motion by the defendant to punish the plaintiff for violation of a consent decree theretofore entered in this case, the court concluded that the contempt charges had been proved and ordered that an injunction should be entered. Proposed forms of an injunction were submitted to the clerk, but no formal order was entered. Pending a hearing on the form of the order, an appeal was taken. The mandate of the Court of Appeals requires that this court's order be modified to exclude from its prohibition the plaintiff's use of formulations CP-8 and CP-9. *Broadview Chem. Corp.* v. *Loctite Corp.*, 406 F.2d 538 (2d Cir. 1969). The plaintiff's petition to the Supreme Court for a writ of certiorari having been denied, 37 U.S.L.W. 3395 (Apr. 22, 1969), the parties appeared before this court on May 2, 1969, and were heard on the form of the injunction to be issued, pursuant to the mandate of the Court of Appeals.

The parties are in dispute only as to the proper reach of the injunction. The defendant claims that it should conform to the usual form, as set out in Fed.R.Civ.P. 65(d) to run against the plaintiff, its "officers, agents, servants, employees and attorneys, [and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise]." The plaintiff makes the claim that the portion in brackets should be omitted, and that in lieu thereof a specific limitation should be added, to wit: "This injunction shall not extend

to Broadview's customers, distributors, manufacturers' representatives, or to their respective customers." That claim is rejected.

The rule is that anyone who knowingly helps to bring about what the plaintiff is enjoined from doing ought to be liable. In *Alemite Mfg. Corp.* v. *Staff*, 42 F.2d 832, 833 (2d Cir. 1930), Learned Hand, Circuit Judge, said that this means that anyone not a party "must either abet the defendant, or must be legally identified with him" before he may be held to violate the decree. What consequences will result in the future if Broadview's customers, distributors, manufacturers' representatives, or their respective customers, knowingly commit the forbidden acts must await the day a charge against them is brought. They ought not to be given immunity in advance.

Accordingly, a decree in the following words shall be entered:

INJUNCTION

1. Broadview Chemical Corporation, the above-identified plaintiff, its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of this injunction by personal service or otherwise, are hereby enjoined from infringement of United States Letters Patent Nos. 2,895,950; 3,043,820; and 3,046,262, and specifically from the sale or use of compositions identified as Sta-Lok 500 and Sta-Lok 800 and other compositions formulated according to formulae CP-1 to CP-7, inclusive, identified in the above-entitled action; and they are enjoined from further violation of the Consent Decree entered February 15, 1967, in this action.

2. For each violation of this injunction or the Consent Decree entered February 15, 1967, the violating persons shall each pay to Loctite Corporation the amount of Two Thousand Dollars ($2,000.00).

Before a final judgment can be entered a determination must be made of the damages suffered by the defendant, its prosecution expenses, and costs. The parties have undertaken steps to resolve these matters—amicably, if possible. There is no reason why the injunction should not issue now. A final judgment will be entered on the issues which have been fully litigated and as to which decisions have already been filed as soon as the amount to be awarded is determined.

So Ordered

Dated at Hartford, Connecticut, this 9th day of May, 1969.

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M. Joseph Blumenfeld
United States District Judge